

JAMES L. GRAF

31500 Grape Street, Ste. 3-411

Lake Elsinore, California 92532

(909) 809-7552

Defendant In Pro Per

FILED

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LANCE S. WILSON
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BY _____
DEPUTY

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF NEVADA

Thomas A. Dillon, Independent
Fiduciary Of Employers Mutual Plans

Plaintiffs

vs.

James Lee Graf; William R. Kokott;
Nicholas E. Angelos; Kari Hanson; Agent
Coalition of America, Inc.; Associated
Agents of America, Inc.; Michael F.
DeBello; Nathan Foreman; American
Benefit Society, Inc.; Christopher S.
Ashiotes; Sierra Administration Marketing,
Inc.; Reggie Caillouet dba Reggie Caillouet
Brokerage; AAA Insurance Services; ADR
Insurance Services, Inc.; Advanced
Marketing; Affordable Insurance Options;
AFM Insurance Group; Humayun Bashir
Afzal; Timothy Alder; Michael Alexander;
All Florida Insurance Services, Inc.; Alliance
for Affordable Health; John Amann;
American Coalition of Consumers, L.L.C.;
Thomas Armstrong; John Kadlec Arnold; R.
A. Ashworth; Association Benefits
Solution, Inc.; AXA Advisors, LLC; Julie
Baker; Karen Barber; Daniel Barnett;
Barnhart & Associates; Willard Gene
Barnhart; James Barnhill; Shirley Barton;
Gary Allen Bastie; Harold Jose Batista;
Frederick Bauer; John Been; Benson,
Young, and Downs Ins. Inc.; Ivan
Bentauin; Bart Berretta; Steven Blackford;
Dirk Blankenship; Stephen Blust; Peter
Bogutzki; Richard Bokofsky; Jan Booth-

CV-N-03-0119-HDM-VPC

RESPONSE TO COMPLAINT FOR:

1. CIVIL RICO;
2. RICO CONSPIRACY;
3. FRAUD;
4. BREACH OF CONTRACT TO
PROCURE VALID
INSURANCE;
5. INSURANCE PRODUCER
MALPRACTICE;
6. BREACH OF WARRANTY OF
AUTHORITY

37

Smith; Richard Brantley; William Brewer;
 Steven Brown; Brown-Gainer & Associates;
 Brown-Gainer, Inc.; Bruce W. Fletcher Co.,
 Inc.; Carrie Bryant; Dennis Burden; Burkett
 & Asso. Ins. & Fin. Svs. Inc.; James Burkett;
 Debra Burton; E. Bruce Bushong; Gae
 Callaway; Capital Financial Group, Inc.;
 Caputo Insurance Agency, Inc.; Richard
 Caputo; Robert Carlin; Steven Carlson;
 Todd Carmack; Donald Carroll; CBS Ins
 And Plan Services; Kevin Cerulli; Donald
 Chapman; Chesney Insurance Agency;
 Larry Chesney; Antone Chomenko;
 Leonard Cifrese; Anneliese Clark; Dean
 Clark; Brian Clothier; Russell Coats;
 Colella Financial Services, Inc.; James
 Colella; Thomas Coleman; Complete
 Financial Service; Jeffrey Conley; Patrice
 Connolly; Robert Corallo; Connie Countie;
 Elda Cox; Kurt C. Cradic; Dion R. Cruz;
 CCS Inc.; Customer Service Solutions, Inc.;
 Brandy Cumming; James Darby; Earl Grant
 Darbyson; David E. Silva Insurance
 Agency, Inc.; William Davidson; Jean F.
 Davis; Kelly Davis; Mark Davis; Samuel
 Day; Joseph Debrell; Tammi Desideri;
 Maria Diaz; Joseph Dibrell; Kenneth
 Dinklage; Charles DiPrimio; Anthony
 DiRienzo; Wilford Dogan; James Doyle;
 David Dudics; Julian Dwyer; Earl J.
 Venable & Associates; Kent Edwards;
 James Ehrhart; Hector Elizondo, Jr.; John
 Elmore; John Emerick; Employee Benefit
 Service; Moses Enwerekowe; Fredrick
 Epperson; Escambia Insurance; Estates
 Solutions, Inc. dba: Benefit & Estates
 Solutions; Eddie Ette; Brent Euler;
 Executive & Employee Benefits, Inc.;
 Express Florida Health and Life Ins;
 F.A.I.A. Service Corp; Vito Falco; Michael
 Farley; Thomas Felaki; John Feliciano; Roy
 Fenner; Robert Fenton; Five Star
 Marketing; Five Star Marketing Group;
 John Flanagan; Linda Fleetwood;
 Fleetwood-Franz 'Ee Benefits, Inc.;
 Kenneth Fleming II; Bruce Fletcher; Gale
 Follett; For Your Benefits, Inc.; Harnid

Foroudi; Charles Francis; Larry Fussell;
 Gaetani Associates; Frances Gaetani;
 Michael Gainer; Ronald Garner; Paula
 Garst; J. Christopher Gauss; Robert Gill;
 Leslie Glazier; GMI Financial Group, Inc.;
 Richard Goodman; Susan Gordon;
 Elizabeth Gore; Lillian Gore; Richard
 Gorfido; Nancy Graham; James R. Grant;
 Gary Gravely; Darlene Graves; Mark
 (Breck) Greene; Joann Gullede; David
 Haas; Haas Insurance Service; Andy
 Haase; Michael Hall; Robert E. Hall;
 Halsey Insurance Agency; Lee Hampton;
 Hancor Insurance Agency; George
 Hannigan; Roy Hanson; Cyd Hargrove; R.
 J. Hasselmier; Health Plans of Texas; John
 Helvie; Kathryn Hendrix; Gerald Higgins;
 Thomas E. Higgins; Hilcher Ins. &
 Financial Services; C. Wayne Hilcher,
 LUTCF; David Hines; Roger F. Holt, Jr.;
 James Hopgood; Richard Horch; Horizon
 Insurance Associates, Inc.; Edward
 Hubbard; Hubbard Insurance; Hudson
 Eldridge Insurance Agency; David Scott
 Hughes; Wesley James Hunt; Robert Hurt;
 J.C. Brokerage, Inc. dba Insurance Center;
 Gerald Ide; Jenny Ide; Insurance Concepts
 of Texas; Insurance Marketing Group of
 Florida, Inc.; InsurCare, Inc.; InsurCare,
 Inc.; Anthony Focono; Donna Iverson; J.
 Christopher Gauss, Inc.; Donald Jacoby;
 JFM Insurance Inc.; John Johnson; Michael
 Johnson; Brian Jones; Levern Jordan; Keith
 Jordano; John Kaiser; Eric Kantor; Bruce
 Kashick; Mal Kelly; Kettler & Associates,
 Inc.; Fredrick Kettler; Edgar Kieschnick;
 Cecil Knight; Michael Kolacz; Robert
 Kotman; Richard Kozar; Hilbert Kritch;
 James Kruckemeyer; Richard Kwong; Sally
 Lane; James Lang; Paul Laroussini; Mitch
 Laughton; Dennis Law; John LeFavour;
 June Lempke; Gal Lev-Lehman; Walter
 Lightfoot; James Lilly; Harvey Litvin;
 William Michael Lovell; Stephen Lukacs;
 Michelle Magidson; Fredrick Magiera;
 Mainstream Insurance; Gary Maxie; Brian
 McAllister; Andrew McCoy; Bruce

McKinney; David McNamara; McNulty
 Barber Consulting; Vence Meneely; Gary
 Miano; Robert John Middleton; Midwest
 Marketing Insurance Agency; Mike
 Williams Ins. Ltd.; Mark Miller; Mills
 Cumming & Assoc, Inc.; Jeffrey Milrad;
 Lawrence montgomery; Robert Morgan;
 Wayne Morris; Wayne Morriss; Robert
 Mullinax; William Murphy; Harrison
 Myers; Nassau Bay Agency, Inc.;
 Nationwide Insurance; Michael Newby;
 Donald Alan Nicholson; Ernest Norman;
 Norwell and Norwell; Rhonda O'Banion;
 Gary Oliver; Olympic Mountain Agency;
 Gerald Owens; Page Inc.; Kay Page;
 Matthew Palmer; Edward Parodi; William
 H. Patterson; Toni Paxton; D. Jean Payne;
 Sherri Perri; David William Perry; Petra
 Insurance Agency, Inc.; William Phillips;
 Steven Pickett; Marc Pieroni; Fredrick
 (Rick) Pike; Pike Insurance Agency, Inc.;
 Susan Pine; Brent Pinkerton; Raymond
 Pinto; David Eli Polovina; Michael Porter;
 Cameron Pouncey; Preferred Care, Inc.;
 Premier Marketing Group; Stanley Putman;
 Quik Quote Insurance Brokers, Inc.; R.B.
 Insur., Assoc., Inc.; Arif Rahim; Lawrence
 Ramers; Ray Wall & Associates, Inc.; Mark
 Reaves; Robert J. Reid; Reliable Insurance;
 Thomas Reynolds; Rick Horch Annuities
 And Ins.; Albert Riehl; Michael Roberts;
 Rocky Financial Services/aka: Ace
 Financial Services; Nathan Rogers; Sheila
 Rooney; Scott Rose; Kenneth Rosicka; RTI
 Insurance Services of FL, Inc.; Jesse Rubio;
 Bobby Rundle; Barry Rusche; Scott
 Rutherford; Ryko Corp, Inc.; Steven Sacks;
 SafeComp; Catherine Sams; Susan
 Schilling; Craig Schoen; Dennis Schrecker;
 Robert Schwab; Selwin Schwartz; S. Lewis
 Shafik; Edward (Brack) Shaver; Fredrick
 Shealy; Sheila W. Rooney Agency;
 Howard Siegel; David E. Silva; Clyde
 Sinyard; Don R. Smith; John Snape;
 Audrey Snow; Gerald Solomon; Dennis
 Stanhoff; Starling & Associates, L.L.C.;
 William F. Starling; Stetson-Beemer, Ins.;

Donna Stilwell-Kronick; Stockman's Insurance; Robert Stone; Penelope Stump; Sullivan & Associates, Inc.; John Sullivan; Timothy Sullivan; Summit Group Benefits, Inc.; James Swafford; Porter Talbot; Richard Tani; Nicholas Taromina; Texas Ins. And Financial Svcs., Inc.; The Blackford Group; The Darbyson Group; The Insurance Center; The Laughton Company; Scott Thiltgen; Thompson Associates, Inc.; James Thompson; Kyle Thompson; Terence Thoruton; Tobin Ins. Agency, Inc.; James Tobin; Stewart Turnage; James Tuten; Ronald Unfried; Deborah Usher; USI Insurance Services Corp.; Sebastian Valera; Vantage Insurance Agency of NV; Earl Venable; Roy Vicencio; Voluntary Benefit Specialists; Gene Wadell; Wadell Insurance Group; Raymond Wall; Gary Ward; John Wathern; Richard Waugaman; Brian Weaver; Eric Westall; Harry Wilk, III; Bernard Williams; George Michael Williams; Karel Anne Williamson; WIN; Windsor Benefit Consultants, Inc.; Wolfco, Inc.; Carmen Wolfe; Worldwide Ins. Group, Inc.; Worldwide Insurance Services, Inc.; John Wuthnow; Angie Yanda; Leon Yannaroudis; Adrian Zandirolarli;

Defendants.

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Now comes Defendant, James Lee Graf, in response to the complaint filed by Plaintiffs, Thomas A. Dillon, and answers as follows:

I

NATURE OF THE ACTION

1. In answer to paragraph 1 of Plaintiffs complaint, based on the lack of information and belief, this answering Defendant specifically denies all allegations contained therein. This answering Defendant specifically denies any allegations of fraud.
2. In answer to paragraph 2 of Plaintiffs complaint, based on the lack of information and belief, this answering Defendant specifically denies all allegations contained therein. This answering Defendant specially denies creating plans for employers or creating a façade to steal or embezzle, if any and further denies any and all involvement pertaining to RICO statute.
3. In answer to paragraph 3 of Plaintiffs complaint, based on the lack of information and belief, this answering Defendant specifically denies all allegations contained therein. The answering Defendant specially denies any fraud or false representation pertaining to premiums paid by plan participants, if any.
4. In answer to paragraph 4 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies all allegations contained therein.

II

JURISDICTION AND VENUE

5. In answer to paragraph 5 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies all allegations contained therein.
6. In answer to paragraph 6 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies all allegations contained therein.

III

PARTIES

A. Plaintiffs

7. In answer to paragraph 7 of Plaintiffs complaint, this answering Defendant admits the appointed Thomas A. Dillon as the independent fiduciary of Employers Mutual. Based on the lack of information and belief this answering Defendant specifically denies all allegations in this paragraph.

B. Defendants

i. The RICO Defendants

8. In answer to paragraph 8 of Plaintiffs complaint, this answering Defendant, James Lee Graf, is a resident of California. Based on the lack of information and belief, this answering Defendant specifically denies all allegations contained therein. This answering Defendant specifically denies at any time being a board member, director, officer, owner, or employee of Employers Mutual or any other alleged entity

therein. This answering Defendant specifically denies stealing premiums paid by participants to Employers Mutual and any individual advantage or gain associated with such, if any. At no time ever were the 16 Nevada associations formed, incorporated, or operated, or adversely dominated by this answering Defendant. This answering Defendant specifically denies any wrong doing, or any and all allegations pertaining to looting of assets, if any.

9. In answer to paragraph 9 of Plaintiffs complaint, based on the lack of information and belief, this answering Defendant specifically denies all allegations contained therein. This answering Defendant specifically denies forming 16 Nevada associations. This answering Defendant specifically denies all allegations pertaining to shells and shams of Employers Mutual and the 16 Nevada Associations, if any.
 10. In answer to paragraph 10 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies allegations contained therein.
 11. In answer to paragraph 11 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies allegations contained therein.
 12. In answer to paragraph 12 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies allegations contained therein.
- ii. **The Negligent Defendant Wholesale Insurance Producers**

13. In answer to paragraph 13 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies allegations contained therein.
14. In answer to paragraph 14 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies allegations contained therein.
15. In answer to paragraph 15 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies allegations contained therein.
16. In answer to paragraph 16 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies allegations contained therein.
17. In answer to paragraph 17 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies allegations contained therein.
18. In answer to paragraph 18 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies allegations contained therein.
19. In answer to paragraph 19 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies allegations contained therein.

iii. **The Negligent Defendant Retail Insurance Producers**

20. In answer to paragraph 20 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant, specifically denies

allegations contained therein. This answering Defendant as an independent consultant to Employers Mutual, admits Sierra Administration was hired by Employers Mutual to provide third party administration services.

21. In answer to paragraph 21 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies all allegations contained therein.
22. In answer to paragraph 22 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies allegations contained therein.
23. In answer to paragraph 23 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies allegations contained therein.
24. In answer to paragraph 24 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies allegations contained therein.

IV

AGENCY AND INFORMATION ALLEGATIONS

25. In answer to paragraph 25 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies allegations contained therein. This answering Defendant specifically denies any act with others in concert, participation, or collaboration to authorize or ratify alleged acts of others and any intent to do so, if any.

26. In answer to paragraph 26 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies allegations contained therein.
27. In answer to paragraph 27 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies allegations contained therein. This answering Defendant specifically denies allegations of intent or acts to create a façade of false representations. This answering Defendant specifically denies tampering or deleting any and all critical data from Employers Mutual including premiums and claims data.

V

GENERAL FACTUAL ALLEGATIONS

A. The Scheme of the RICO Enterprise

28. In answer to paragraph 28 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies allegations contained therein. This answering Defendant denies any involvement as a principal organizer and is not subject to any RICO enterprise, if any.
29. In answer to paragraph 29 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies allegations contained therein. This answering Defendant specifically denies all allegations of any alter egos, if any. This answering Defendant specifically denies any creation of a RICO enterprise, if any

and no intent was made to sell fraudulent health insurance or steal premiums, if any.

30. In answer to paragraph 30 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies allegations contained therein. This answering Defendant alleges at no times was there any intent to provide a façade for any illegal activities, if any.
31. In answer to paragraph 31 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies allegations contained therein.
32. In answer to paragraph 32 of Plaintiffs complaint, Answering Defendant specifically denies all allegations contained therein.
33. In answer to paragraph 33 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies all allegations contained therein.
34. In answer to paragraph 34 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies all allegations contained therein.
35. In answer to paragraph 35 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies all allegations contained therein.
36. In answer to paragraph 36 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies all allegations contained therein.

37. In answer to paragraph 37 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies allegations contained therein. This answering Defendant acknowledges a relationship existed between Richard Wiest, Employers Mutual and Golden Rule Insurance Company.
38. In answer to paragraph 38 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies all allegations contained therein.
39. In answer to paragraph 39 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies all allegations contained therein.
40. In answer to paragraph 40 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies allegations contained therein. This answering Defendant acknowledges Employers Mutual notifying Associated Agents of America of its termination with Golden Rule made an announcement.
41. In answer to paragraph 41 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies all allegations contained therein.
42. In answer to paragraph 42 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies all allegations contained therein.

43. In answer to paragraph 43 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies all allegations contained therein.
44. In answer to paragraph 44 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies all allegations contained therein.
45. In answer to paragraph 45 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies all allegations contained therein.
46. In answer to paragraph 46 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies all allegations contained therein.
47. In answer to paragraph 47 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies all allegations contained therein.
48. In answer to paragraph 48 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies all allegations contained therein.
49. In answer to paragraph 49 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies all allegations contained therein. This answering Defendant is aware that Employers Mutual terminated its relationship with Sierra Administration, the third party administrator.

50. In answer to paragraph 50 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies all allegations contained therein. At no time did answering Defendant steal any premiums nor any misrepresentations have been made, if any.
51. In answer to paragraph 51 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies all allegations contained therein.
- a. Based on the lack of information and belief this answering Defendant specifically denies all allegations contained therein.
Based on the lack of information and belief this answering Defendant specifically denies all allegations contained therein.
 - b. Based on the lack of information and belief this answering Defendant specifically denies all allegations contained therein.
 - c. Based on the lack of information and belief this answering Defendant specifically denies all allegations contained therein.
 - d. Based on the lack of information and belief this answering Defendant specifically denies all allegations contained therein.
 - e. Based on the lack of information and belief this answering Defendant specifically denies all allegations contained therein.
52. In answer to paragraph 52 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies all allegations contained therein. This answering Defendant specifically denies allegations of neither a scheme nor any overt acts, if any.

B. The Predicate Acts of the RICO Defendants in Furtherance of the Ongoing Scheme

53. In answer to paragraph 53 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies allegations contained therein. Answering Defendant specifically denies all allegations of neither a scheme nor overt acts, if any.
- a. Based on the lack of information and belief, this answering Defendant specifically denies all allegations contained therein.
 - b. Based on the lack of information and belief this answering Defendant specifically denies allegations contained therein. This Answering Defendant specifically denies ever mailing or making multiple false statements or misrepresentations to insurance producers.
 - c. Based on the lack of information and belief this answering Defendant specifically denies allegations contained therein.
 - d. Based on the lack of information and belief this answering Defendant specifically denies allegations contained therein. Answering Defendant specifically denies any pattern or involvement pertaining to racketeering or deception.
 - e. Based on the lack of information and belief this answering Defendant specifically denies all allegations contained therein.
 - f. Based on the lack of information and belief this answering Defendant specifically denies allegations contained therein and there was no scheme to divert such monies.

C. The Negligent Acts and Omissions of the Defendant Insurance

Producers

54. In answer to paragraph 54 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies allegations contained therein.
55. In answer to paragraph 55 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies all allegations contained therein.
- a. Based on the lack of information and belief this answering Defendant specifically denies all allegations contained therein.
- b. Based on the lack of information and belief this answering Defendant specifically denies all allegations contained therein.
- (i) Based on the lack of information and belief this answering Defendant specifically denies all allegations contained therein.
- (ii) Based on the lack of information and belief this answering Defendant specifically denies all allegations contained therein.
- (iii) Based on the lack of information and belief this answering Defendant specifically denies all allegations contained therein.
- (iv) Based on the lack of information and belief this answering Defendant specifically denies all allegations contained therein.
- (v) Based on the lack of information and belief this answering Defendant specifically denies all allegations contained therein.
- (vi) Based on the lack of information and belief this answering Defendant specifically denies all allegations contained therein.

(vii) Based on the lack of information and belief this answering Defendant specifically denies allegations contained therein.

c. Based on the lack of information and belief this answering Defendant specifically denies all allegations contained therein.

d. Based on the lack of information and belief this answering Defendant specifically denies all allegations contained therein.

e. Based on the lack of information and belief this answering Defendant specifically denies all allegations contained therein.

f. Based on the lack of information and belief this answering Defendant specifically denies all allegations contained therein.

g. Based on the lack of information and belief this answering Defendant specifically denies all allegations contained therein.

Answering Defendant specifically denies

56. In answer to paragraph 56 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies all allegations contained therein.

57. In answer to paragraph 57 of Plaintiffs complaint, based on the lack of information and belief this answering Defendant specifically denies all allegations contained therein.

VI

FIRST CLAIM FOR RELIEF

18 U.S.C. §1962(c)

Civil RICO Against the RICO Defendants

58. In reference to paragraphs 58 thru 66 this answering Defendant specifically denies each and every allegation therein.

VII

SECOND CLAIM FOR RELIEF

18 U.S.C. §1962(d)

Conspiracy to Commit Civil RICO Against the RICO Defendants

59. In reference to paragraphs 67 thru 70 this answering Defendant specifically denies each and every allegation therein.

VII

THIRD CLAIM FOR RELIEF

Fraud Against the RICO Defendants

60. In reference to paragraphs 71 thru 73 this answering Defendant specifically denies each and every allegation therein.

IX

FOURTH CLAIM FOR RELIEF

**Breach of Contract to Procure Valid Insurance Against
the Defendant Wholesale and Retail Insurance Producers**

61. In reference to paragraphs 74 thru 79 this answering Defendant specifically denies each and every allegation therein.

X

FIFTH CLAIM FOR RELIEF

**Professional Malpractice Against the Defendant
Wholesale Insurance Producers and Retail Insurance Producers**

62. In reference to paragraphs 80 thru 83 this answering Defendant specifically denies each and every allegation therein.

XI

SIXTH CLAIM FOR RELIEF

A Breach of Warranty of Authority Against RICO Defendants, Defendants

Wholesale Insurance Producers and Defendant Retail Insurance

Producers

63. In reference to paragraphs 84 thru 87 this answering Defendant specifically denies each and every allegation therein.

XII

AFFIRMATIVE DEFENSES

First Affirmative Defense

Plaintiffs have failed to state a cause of action against this answering Defendant.

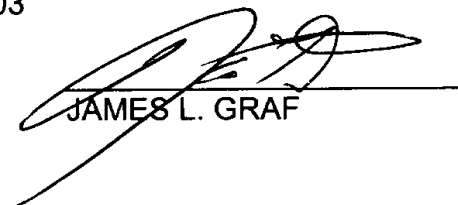
Second Affirmative Defense

Laches – Prejudicial delay in filing said action, which has caused harm to this answering Defendant.

Third Affirmative Defense

Contributory Negligence. Plaintiffs have caused all or a significant part of the damages alleged, if any, for which this answering Defendant might be responsible.

DATED this 8 day of July, 2003


JAMES L. GRAF

62. In reference to paragraphs 80 thru 83 this answering Defendant specifically denies each and every allegation therein.

XI

SIXTH CLAIM FOR RELIEF

A Breach of Warranty of Authority Against RICO Defendants, Defendants

Wholesale Insurance Producers and Defendant Retail Insurance

Producers

63. In reference to paragraphs 84 thru 87 this answering Defendant specifically denies each and every allegation therein.

XII

AFFIRMATIVE DEFENSES

First Affirmative Defense

Plaintiffs have failed to state a cause of action against this answering Defendant.

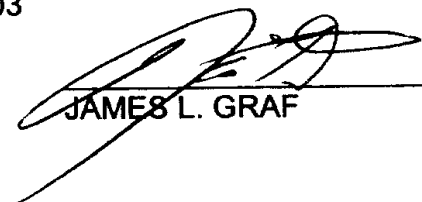
Second Affirmative Defense

Laches – Prejudicial delay in filing said action, which has caused harm to this answering Defendant.

Third Affirmative Defense

Contributory Negligence. Plaintiffs have caused all or a significant part of the damages alleged, if any, for which this answering Defendant might be responsible.

DATED this 8 day of July, 2003


JAMES L. GRAF

CERTIFICATE OF SERVICE

I hereby certify that on this the 8th day of July 2003, I caused true and correct copy of the foregoing: DEFENDANT (JAMES LEE GRAF) RESPONSE TO COMPLAINT by placing a true copy thereof in a sealed envelope and sent by first class U.S. mail postage paid as follows:

Robert L. Brace
Hollister & Brace
2226 Santa Barbra street
Post Office Box 630
Santa Barbra, CA 93102

Richard W. Horton
Lionel, Sawyer & Collins
Suite 1100 Bank of America Plaza
50 West Liberty Street
Reno, NV 89501


MELODY BOUCHIE